

UNIVERSITY OF DELAWARE  
ANNUAL DISCLOSURE INFORMATION  
SERIES 2009B, 2010A, 2010B, 2013A, 2013B and 2013C BONDS

As of June 30, 2014  
Student Data as of October 2014  
Employee Data as of October 2014

## PROJECT FACILITIES

The University of Delaware's housing system accommodates approximately 7,400 students in 44 undergraduate residence halls and several graduate and special interest housing units at the main campus in Newark, Delaware. This represents approximately 45% of the total number of undergraduate students attending the University at the main campus. Freshmen are required to live in University housing and agreements are enforced for the entire academic year.

The University's main campus in Newark offers students numerous dining hall, snack bar, restaurant and convenience store facilities with a combined seating capacity of approximately 2,500. During the 2014-15 academic year, approximately 8,600 students will have some type of meal contract.

## ABSENCE OF MATERIAL LITIGATION

There is no litigation of any nature pending or, to the knowledge of the University, threatened against the University at the date of this Disclosure Report which would have a material adverse effect on the University, its operations or the Pledged Revenues.

## FACULTY AND STAFF

During the 2014-15 academic year, the University's faculty and staff consist of approximately 4,037 full-time and 231 part-time employees. Members of the University's instructional staff for fall 2014 total 1,203 full-time members including department chairpersons, academic center directors and faculty with administrative appointments: 461 professors; 353 associate professors; 293 assistant professors; and 96 instructors. Approximately 80% of the University's full-time tenure-eligible faculty is tenured and almost 90% of full-time faculty hold the doctorate or terminal professional degree in their field.

The University faculty is represented by the American Association of University Professors; the contract was renewed July 1, 2013 and terminates June 30, 2016. The maintenance and service employees are represented by two locals (439 and 3472) of the American Federation of State, County and Municipal Employees, AFL-CIO. The contract for 439 terminates on December 31, 2016 while contract negotiations for local 3472 have been ongoing since December 31, 2013. There are 43 uniformed police officers of the Department of Public Safety who are represented by the Fraternal Order of Police, the contract with which terminates June 30, 2016. There are also 3 senior police personnel and 2 sworn Constables not covered by the Collective Bargaining Agreement.

ENROLLMENT SUMMARY – FTE (excludes Professional & Continuing Studies)

<u>Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
Fall 2014	17,713	3,191	20,904
Fall 2013	17,140	3,115	20,255
Fall 2012	16,921	3,095	20,016
Fall 2011	16,539	3,039	19,578
Fall 2010	16,146	3,041	19,187

FIRST-TIME FRESHMAN ADMISSIONS ACTIVITY – (NEWARK CAMPUS)

<u>Year</u>	<u>Total Applications</u>	<u>Completed Applications</u>	<u>Offered Admission</u>	<u>Offer Rate %</u>	<u>Accepted Admission</u>	<u>Yield Rate %</u>
Fall 2014	26,386	25,032	16,491	65.9	4,181	25.4
Fall 2013	26,221	25,423	15,673	61.6	3,808	24.3
Fall 2012	26,771	26,224	14,829	56.5	3,819	25.8
Fall 2011	24,779	23,647	13,768	58.2	3,917	28.5
Fall 2010	26,351	23,510	12,752	54.2	3,393	26.6

STUDENT TUITION AND FEES, 2014-15 ACADEMIC YEAR

	<u>State Resident (\$)</u>	<u>Out-of-State Resident (\$)</u>
Pennsylvania State University	17,502	30,452
Rutgers University	13,813	28,591
University of Virginia	13,208	42,402
<b>University of Delaware</b>	<b>12,342</b>	<b>30,692</b>
Virginia Polytechnic University	12,017	28,048
University of Maryland	9,428	29,721

EXPENDITURES FOR SCHOLARSHIP, FELLOWSHIP AND OTHER STUDENT AID

<u>Fiscal Year</u>	<u>Undergraduate (\$)</u>	<u>Graduate (\$)</u>	<u>Total (\$)</u>
2014	75,062,164	64,106,129	139,168,293
2013	66,326,492	59,632,734	125,959,226
2012	56,347,501	56,834,834	113,182,335
2011	46,541,347	57,312,653	103,854,000
2010	42,420,804	50,789,196	93,210,000

STATE SUPPORT

<u>Year</u>	<u>Operating Appropriation (\$)</u>	<u>Capital Appropriation (\$)</u>
2013-14	117,043,700	4,000,000
2012-13	115,071,900	3,000,000
2011-12	112,427,100	13,500,000
2010-11	116,152,000	3,000,000
2009-10	117,873,200	1,000,000

FEDERAL SUPPORT

<u>Year</u>	<u>Operating Appropriation (\$)</u>	<u>Contracts &amp; Grants (\$)</u>	<u>Total (\$)</u>
2013-14	2,987,449	109,259,759	112,247,208
2012-13	4,973,613	111,301,529	116,275,142
2011-12	2,529,607	114,151,145	116,680,752
2010-11	3,698,139	105,428,176	109,126,315
2009-10	3,252,326	109,303,106	112,555,432

ENDOWMENT FUNDS AND EARNINGS

<u>Year Ended June 30</u>	<u>Market Value of University Held (\$)</u>	<u>Market Value of Funds Held in Trust by Others (\$)</u>	<u>Spending Distribution (\$)</u>
2014	1,242,266,000	67,867,000	48,187,000
2013	1,110,513,000	60,653,000	46,557,000
2012	1,029,661,000	58,209,000	44,603,000
2011	1,077,637,000	60,566,000	43,902,000
2010	927,530,000	54,021,000	46,239,000

## CONTRIBUTIONS

<u>Fiscal Year</u>	<u>Contributions Received</u>	<u>Net Change in Contributions Receivable</u>	<u>Total (\$)</u>
2014	48,600,000	4,400,000	53,000,000
2013	47,809,000	2,498,000	50,307,000
2012	53,556,000	10,232,000	63,788,000
2011	31,540,000	6,696,000	38,236,000
2010	31,737,000	10,255,000	41,992,000

## INVESTMENT IN PHYSICAL PLANT (\$000)

<u>Category</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Land and Improvements	79,440	99,860	101,346	101,499	118,789
Buildings	1,141,013	1,162,413	1,223,193	1,415,789	1,609,649
Equipment and Furnishings	380,750	404,136	423,016	443,247	458,914
Collections and Works of Art	8,673	8,872	8,872	8,756	8,756
Capital Leasehold	14,841	15,003	15,235	15,235	15,235
Construction in Progress	<u>23,546</u>	<u>107,297</u>	<u>203,740</u>	<u>164,359</u>	<u>63,992</u>
Total Property, Plant and Equipment	1,648,263	1,797,581	1,975,402	2,148,885	2,275,335
Less: Accumulated Depreciation	<u>(677,289)</u>	<u>(729,723)</u>	<u>(779,572)</u>	<u>(827,254)</u>	<u>(882,238)</u>
Total Property, Plant and Equipment, Net	<u>970,974</u>	<u>1,067,858</u>	<u>1,195,830</u>	<u>1,321,631</u>	<u>1,393,097</u>

## OUTSTANDING INDEBTEDNESS

<u>Obligation</u>	<u>Interest Rate(s)</u>	<u>Original Amount (\$)</u>	<u>Outstanding Amount 06/30/2014 (\$)</u>	<u>Final Maturity</u>
Series 2004B Revenue Bonds	VRDB	40,835,000	32,185,000	2034
Series 2005 Revenue Bonds	VRDB	49,945,000	32,925,000	2035
Series 2009B Revenue Bonds	2.00% - 4.00%	64,000,000	43,495,000	2026
Series 2010A Revenue Bonds	5.866%*	119,580,000	119,580,000	2040
Series 2010B Revenue Bonds	.65% - 3.796%	12,080,000	11,080,000	2019
Series 2013A Revenue Bonds	3.00% - 5.00%	119,210,000	119,210,000	2043
Series 2013B Revenue Bonds	.488% - 2.997%	29,755,000	29,755,000	2043
Series 2013C Revenue Bonds	VRDB	57,475,000	57,475,000	2016
Blue Hen Hotel LLC Bonds	VRDB	11,500,000	8,325,000	2027
University Early Learning Center Line of Credit**	Floating	<u>5,000,000</u>	<u>1,352,000</u>	2018
			455,382,000	
Premiums on Notes and Bonds Payable			<u>22,439,000</u>	
Total		<u>509,380,000</u>	<u>477,821,000</u>	

\* 3.8129% after Build America Bond Subsidy payments are received

\*\* University Early Learning Center Line of Credit was paid off on September 24, 2014

## OBLIGATIONS UNDER CAPITAL LEASES

The University has obligations under capital leases that amounted to \$5,379,000 and \$5,985,000 as of June 30, 2014 and 2013, respectively. The University's obligation at June 30, 2014 includes a building lease with Delaware Technology Park for the Delaware Biotechnology Institute, a unit of the University. The lease consists of annual lease payments ranging from \$345,000 to \$900,000 to be paid over a 20 year term.

In August 2012, 1743 Holdings, LLC entered into a ground lease with a third-party for approximately six acres of land, and the structures thereon, for the purpose of renovating and expanding the existing structures and then leasing the space in the renovated unit to the University for use primarily by the College of Health Sciences. The ground lease has an initial term of 75 years, with a nominal rent while the University is occupying the unit. Rent reverts to a market-based rent at the time the University ceases to lease the unit. The space lease was entered into simultaneously with the ground lease and has an initial term of 29 ½ years, with the option of twelve additional 5-year extensions. Construction of the unit has been completed at a cost of \$30,500,000.

These transactions were structured to create the same economic effect as if the University built and owned the building, and as such, at the time of occupancy, the University reflected the costs associated with the renovation of the unit as property, plant, and equipment in the consolidated statement of financial position, and also recorded a corresponding financing obligation.

## DEBT SERVICE COVERAGE

**Gross Revenue Coverage** The following debt service coverage schedule is based on Gross Revenues derived from University Project Facilities. Revenues are based on the University's fiscal years ending June 30. The debt service coverage computations based on Gross Revenues are included herein based on the pledge of such Gross Revenues under the Trust Agreement and the University's covenant with respect to the expenses of maintaining and repairing the Project Facilities as set forth under the "Maintenance Covenant."

<u>Revenue Source</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Housing	\$ 45,887,871	\$ 46,867,406	\$ 50,948,799	\$ 54,415,935	\$ 56,688,371
Dining	32,346,372	33,150,505	35,270,470	37,959,327	40,097,195
Ice Arenas	1,487,773	1,512,967	1,541,705	1,447,696	1,447,581
Parking	4,466,874	4,810,220	5,300,885	5,666,667	5,972,574
Bookstore	708,320	679,114	905,766	975,478	975,295
Student Health Fee (mandatory)	10,077,493	10,375,811	10,736,392	10,203,441	10,248,158
Student Center Fee (mandatory)	4,233,030	4,394,243	4,588,195	4,700,002	4,719,486
Comprehensive Student Fee (mandatory)	3,670,432	6,855,250	12,302,245	12,532,608	12,626,615
Gross Revenue	<u>\$102,878,165</u>	<u>\$108,645,516</u>	<u>\$121,594,457</u>	<u>\$127,901,154</u>	<u>\$132,775,275</u>
Maximum Annual Debt Service <sup>(1)</sup>	\$ 17,785,629	\$ 23,639,930	\$ 22,931,635	\$ 30,083,143	\$ 30,083,143
Debt Service Coverage	578.43%	459.58%	530.25%	425.16%	441.36%

<sup>(1)</sup> The maximum annual debt service for each year in this table is based upon the debt service on the outstanding bonds of each Series as of the end of each such fiscal year and the assumptions set forth in the Debt Service Requirements section herein, and reflects BAB Subsidy payments expected to be received by the University.

**Net Revenue Coverage** The following debt service coverage schedule is based on net revenues (Gross Revenues less Current Expenses of the Project Facilities) derived from University Project Facilities. Revenues are based on the University's fiscal years ended or ending June 30.

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Gross Revenues</u>	<u>\$102,878,165</u>	<u>\$108,645,516</u>	<u>\$121,594,457</u>	<u>\$127,901,154</u>	<u>\$132,775,275</u>
<u>Expenditures</u>					
Housing	18,706,138	19,635,107	19,760,454	19,917,740	18,772,873
Dining	29,155,164	29,904,184	30,366,110	33,565,064	34,408,360
Ice Arenas	1,149,420	1,269,051	1,317,835	1,217,404	1,241,578
Parking	2,470,315	2,154,453	1,591,348	1,606,163	2,567,653
Bookstore	217,047	234,057	160,178	75,966	57,130
Student Health Fee (mandatory)	8,728,650	9,091,321	9,455,459	9,013,345	9,485,309
Student Center Fee (mandatory)	988,000	1,009,036	1,207,229	1,204,433	1,261,962
Comprehensive Student Fee (mandatory)	2,755,497	2,701,186	1,255,360	1,197,448	1,416,364
Gross Expenditures	<u>64,170,231</u>	<u>65,998,395</u>	<u>65,113,973</u>	<u>67,797,563</u>	<u>69,211,229</u>
Net Revenue	<u>\$ 38,707,934</u>	<u>\$ 42,647,121</u>	<u>\$ 56,480,484</u>	<u>\$ 60,103,591</u>	<u>\$ 63,564,046</u>
Maximum Annual Debt Service <sup>(1)</sup>	\$ 17,785,629	\$ 23,639,930	\$ 22,931,635	\$ 30,083,143	\$ 30,083,143
Debt Service Coverage	217.64%	180.40%	246.30%	199.79%	211.29%

<sup>(1)</sup> The maximum annual debt service for each year in this table is based upon the debt service on the outstanding bonds of each Series as of the end of each such fiscal year and the assumptions set forth in the Debt Service Requirements section herein, and reflects BAB Subsidy payments expected to be received by the University.

## DEBT SERVICE REQUIREMENTS

The following table sets forth, for each of the periods indicated, the estimated amount required in such period to be made available for debt service based upon the following calculations and assumptions for each issue:

- Debt service on the Series 2004B Bonds is calculated based on an assumed interest rate of 3.25% per annum, and assuming amortization of the balloon principal payment due November 1, 2034 during the fiscal years 2019 to 2035 inclusive in annual amounts ranging from \$1,150,000 to \$2,460,000. The assumed interest rate (excluding the cost of remarketing and liquidity) is based on an existing interest rate exchange agreement (“2004B Swap”). Under the 2004B Swap, the University receives a variable rate equal to 67% of LIBOR which may not be sufficient to provide for the payment of the variable rate which the University must pay on the Series 2004B Bonds. If such amounts are insufficient, the University’s debt service costs for the Series 2004B Bonds will exceed the amount shown in the following table. The University has no legal obligation to retire any Series 2004B Bonds prior to their stated maturity date of November 1, 2034.
- Debt service on the Series 2005 Bonds is calculated based on: (i) an assumed interest rate of 3.75% per annum (excluding the cost of remarketing and liquidity) based on an existing interest rate exchange agreement (“2005 Swap I”), applicable to a portion (in the amount of \$12,945,000) of the balloon principal payment due on November 1, 2035, and assuming amortization of such portion during the fiscal years 2019 to 2023 inclusive in annual amounts ranging from \$815,000 to \$1,205,000; (ii) an assumed interest rate of 3.87% per annum (excluding the cost of remarketing and liquidity) based on an existing interest rate exchange agreement (“2005 Swap II”), applicable to the remaining portion (in the amount of \$37,000,000) of the balloon principal payment due on November 1, 2035, and assuming amortization of such portion during the fiscal years 2019 to 2036 inclusive in annual amounts ranging from \$815,000 to \$2,115,000. Under the 2005 Swap I and 2005 Swap II, the University receives a variable rate equal to 67% of 1-month LIBOR which may not be sufficient to provide for the payment of the variable rate which the University must pay on the Series 2005 Bonds. If such amounts are insufficient, the University’s debt service costs for the Series 2005 Bonds will exceed the amounts shown in the following table. The University has no legal obligation to retire any Series 2005 Bonds prior to their stated maturity date of November 1, 2035.
- Debt service on the Series 2009B Bonds is based upon the actual fixed rates of interest and amortization requirements for such bonds.
- Debt service on the Series 2010A Bonds is based upon the actual fixed rates of interest and amortization requirements for such bonds and is shown before and after the expected periodic payments from the United States Treasury on each interest payment date equal to 35% of the corresponding interest payable on such Series 2010A Bonds (the “BAB Subsidy”).

- Debt service on the Series 2010B Bonds is based upon the actual fixed rates of interest and amortization requirements for such bonds.
- Debt service on the Series 2013A Bonds and the Series 2013B Bonds is based upon the actual fixed rates of interest and amortization requirements for such bonds.
- Debt service on the Series 2013C Bonds is calculated based on an assumed interest rate of 3.764% per annum, and assuming amortization of the balloon principal payment due November 1, 2037 during the fiscal years 2019 to 2038 inclusive in annual amounts ranging from \$2,035,000 to \$4,290,000. The assumed interest rate is based on an existing interest rate exchange agreement (the “2007 Swap”). Under the 2007 Swap, the University receives a variable rate equal to 67% of 3-month LIBOR until November 1, 2022 and 100% of SIFMA from such date until November 1, 2037, which rates may not be sufficient to provide for the payment of the variable rate which the University must pay on the Series 2013C Bonds. If such amounts are insufficient, the University’s debt service costs for the Series 2013C Bonds will exceed the amounts shown in the following table. The University has no legal obligation to retire any Series 2013C Bonds prior to their stated maturity date of November 1, 2037.

Fiscal Year Ending June 30	Total Debt Service (Pre-BABs Subsidy)	Total Debt Service (Net of BABs Subsidy)
2015	\$32,457,270	\$30,002,173
2016	32,502,202	30,047,105
2017	32,538,240	30,083,143
2018	32,407,215	29,952,118
2019	32,450,079	29,994,982
2020	30,180,526	27,725,429
2021	32,146,241	29,691,144
2022	32,068,583	29,613,486
2023	32,072,593	29,617,496
2024	30,860,434	28,405,337
2025	29,008,897	26,553,800
2026	28,991,214	26,536,117
2027	29,013,650	26,558,553
2028	27,379,862	24,924,765
2029	27,334,362	24,942,192
2030	27,841,336	25,590,163
2031	27,685,436	25,593,430
2032	27,516,809	25,590,129
2033	27,334,374	25,579,436
2034	27,146,845	25,570,321
2035	26,937,312	25,546,080
2036	24,257,016	23,058,262
2037	21,897,456	20,898,675
2038	22,102,386	21,311,275
2039	17,526,327	16,950,895
2040	17,304,806	16,953,418
2041	17,074,040	16,955,422
2042	5,174,859	5,174,859
2043	5,179,447	5,179,447
2044	5,178,297	5,178,297
<b>Total</b>	<u><u>\$761,568,113</u></u>	<u><u>\$709,777,947</u></u>



## BLUE HEN HOTEL LLC BONDS

In September 2001, the Blue Hen Hotel, LLC, a Company wholly owned by the University and consolidated into the University's financial statements, issued \$11,500,000 of Blue Hen Hotel, LLC Variable Rate Demand Bonds, Series 2001 (Series 2001 Bonds), which were also guaranteed by the University. The Series 2001 Bonds funded the design, construction, and start-up operating costs of the hotel.

The Series 2001 Bonds will initially bear interest at a Weekly Rate (0.15% at June 30, 2014) and will continue to bear interest at a Weekly Rate until converted to bear interest at a Daily, Flexible, Term, or Fixed Rate to maturity. The interest rate to be in effect for a particular period of time will be reset by the Remarketing Agent and will never exceed 18% per annum. A 5.50% interest cost through September 1, 2027 is anticipated based on an existing interest rate exchange agreement, with additional costs of remarketing and a SBPA that was renewed on November 15, 2012 with a scheduled termination date of December 31, 2014. The swap agreement counterparty has the right to terminate the agreement under certain market conditions in which the daily weighted average of the one-month LIBOR equals or exceeds 9.00% for the previous six-month period. If such right is exercised, the bond interest would revert to the market rate for weekly traded variable rate demand bonds.

The SBPA, which terminated on December 31, 2014, has been renewed thru December 31, 2016.

The Series 2001 Bonds mature on September 1, 2027, but are subject to optional redemption and tender for purchase prior to maturity.

Debt service on the Blue Hen Hotel, LLC Bonds is not included in the Debt Service Requirements above.